GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3221
ANSWERED ON:15.04.2008
. DECLINE IN INDUSTRIAL PRODUCTION
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of growth rate in the industrial production registered during 2007 in comparison to 2006 in the country, sector-wise including consumer durable and core sectors;

(b) whether there is any decline in the growth rate during the above period;

(c) if so, the details in percentage along with the reasons therefor;

(d) whether the Government has conducted any survey in this regard:

(e) if so, the details thereof; and

(f) the measures taken by the Government to improve the growth rate in the industrial sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a) to (c): The industrial growth, measured in terms of Index of Industrial Production, was 8.7% during April-January 2007-08 compared to 11.2% during the corresponding period of last year. There have, in general, a decline in growth rates during the current period, compared with those during the corresponding period of previous year. The sector-wise details of growth rates are given in the table below:

Table: Industrial Growth (%)

	April-January, 2007-08	April-January, 2006-07
Overall Growth, of which,	8.7	11.2
(i) Mining & Quarrying	4.6	4.8
(ii) Electricity	6.3	7.6
(iii) Manufacturing	9.2	12.1

Use Based Classification	April-January, 2007-08	April-January, 2006-07
(i) Basic Goods	7.4	10.0

(ii) Capital Goods	18.3	18.3
(iii) Intermediate Goods	9.3	11.6
(iv) Consumer Durables	-1.7	10.6
(v) Consumer non-Durables	8.6	9.4
Memo Item:		
Six Core Infrastructure Industries	5.6	8.7

Source: Central Statistical Organisation (CSO)

(d) & (e): The industrial performance in the country, based on the Index of Industrial Production data compiled by the CSO, is closely monitored by the Government regularly.In a market driven economy, the growth of various industries is influenced by market-forces of supply and demand conditions. The recent deceleration of the industrial growth is due to a combination of factors, such as rise in interest rates, rupee appreciation etc.

(f): The Government has also put in place various policy measures to promote broad based industrial growth. This includes,inter-alia, delicensing of industrial capacity,liberalization of foreign trade regime to provide better access to inputs at competitive prices, rationalization and reduction in duty rates of customs and central excise, better infrastructure support, and liberal FDI regime, etc.

Government has also announced several relief measures for export oriented industries,which includes enhancement of the Duty Entitlement Pass Book (DEPB), reduction in Export Credit Guarantee Corporation (ECGC) premium by 10%, enhancement of the rates of duty drawback,interest subvention of pre-shipment and post-shipment credit, refund of service tax,raising the revenue ceiling for Vishesh Krishi and Gram Udyog Yojana.

In the Budget 2008-09,the Government has also proposed reduction in excise duty across the board from 16% to 14% to boost the domestic demand for the manufacturing industry.In addition, the Government has also proposed reduction in excise duty from 16% to 12% for Small Cars, Motorcycles, and Scooters etc. to give boost to the domestic consumer durable manufacturing industry.

The Government has since approved a proposal to create Information Technology Investment Regions (ITIRs).These ITIRs would be endowed with excellent infrastructure and supported through investor-friendly policies.With a view to improve the competitiveness of Indian industries, particularly, the micro,small and medium enterprises, the Government has also approved a proposal to set Mini Tool rooms in the country under Public Private Partnership (PPP) Mode, in co-operation with State governments/industries/Associations/Companies/NGOs/Individuals.